

Unemployment Insurance **TAX INFORMATION**

A Handbook for
Washington State Employers

2005



**Employment
Security
Department**
STATE OF WASHINGTON

This book is intended to provide an overview and to answer general questions related to unemployment taxes. It does not serve as law. Specific laws can be viewed at rcw.go2ui.com. Other rules and regulations are available at wac.go2ui.com.

For more information, contact your District Tax Office (see page 23).

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Who Must Pay Unemployment Taxes

Glossary term - All underlined terms are included in the glossary, pages 20-22.

If your business has employees, it is likely that you must register, report wages, and pay unemployment taxes. Your tax obligation begins with your first employee or the first payroll. This includes part-time and temporary employees.

If your business is required to file and pay taxes, you may be referred to as a covered employer, because your employees are *covered* by unemployment benefits if they lose their job. Government agencies and private non-profit organizations (501(c)(3)) may reimburse the department for benefits paid (see page 11).

Exceptions to the Rule

Some types of businesses may not have to report all employees. Non-covered employees are not eligible to receive unemployment benefits. If you:

Small Farm Operator	Domestic Services	Non-profit Preschool	Business Owner
Operate a small farm with a quarterly payroll of less than \$20,000, you do not have to report your spouse, children under 18, or student workers. You must report and pay taxes on all other employees.	Hire someone to perform domestic services in a private home, college club, fraternity, or sorority, you do not have to report unless you pay wages of \$1000 or more per quarter. If payroll exceeds \$1000 in any quarter, you must report wages for the entire year.	Operate a private, non-profit preschool, you do not have to report if you employ fewer than four staff.	Own a business, or are part of a <u>Limited Liability Company</u> or <u>Limited Liability Partnership</u> , you do not have to report owners, but you must report all employees.

Other types of employees that may not have to be reported and may not be eligible to receive unemployment benefits include:

- Independent contractors (self-employed)
- Casual laborers
- Corporate officers
- Non-resident aliens who are temporarily in the United States as a non-immigrant (Visa classification F, H-2A, H-2B, H-3 or J)
- Door-to-door salespeople
- Elected government officials
- Church employees

- Insurance agents
- Real estate agents, brokers, and appraisers
- Travel agents
- Work-study students

If you are unsure whether you have to report and pay unemployment taxes, contact your District Tax Office (see page 23).

If you are exempt from coverage, but want to apply to be a covered employer, submit the Voluntary Election form (EMS 5203). We will then determine if you are eligible for voluntary coverage.

What You Pay Taxes On

Glossary term - All underlined terms are included in the glossary, pages 20-22.

You pay taxes on gross wages up to the average annual salary for the state (the taxable wage base).

Wages are taxable whether paid as a fixed salary, an hourly rate, or on a piece rate basis.

You must report all wages you pay an employee each quarter, even those that exceed the taxable wage base (excess wages). All wages must be reported for the quarter in which they are paid, along with hours worked.

What Constitutes Wages

Wages include all forms of compensation (remuneration) paid to an employee, including:

- Salary, commissions, bonuses and gifts before deductions
- Compensation paid in lieu of cash
- Tips and gratuities that are reported for federal income tax purposes
- Vacation and holiday pay
- Unsegregated expense allowances
- Severance pay or pay in lieu of notice
- An employee's entire gross pay if he/she shares in the cost of a 401(K) or cafeteria plan through salary reduction
- Meals and lodging, in some cases - if you require an employee to eat and live on site and the total value of meals and lodging is 25 percent or more of total compensation (value plus salary), you must pay taxes on the value of the meals and lodging

What is not Considered Wages

For the purpose of unemployment, **wages do not include:**

- Sick leave
- Allocated tips
- Jury duty pay
- Death benefits

As of January 1, 2004, employee-exercised stock options are not reported as wages and you do not pay taxes on them. Stock options should be reported in box 9 on the Quarterly Tax Report (EMS 5208A).

Reportable Hours

When completing your tax and wage reports, you must report hours for:

- All hours worked
- Vacation pay – Report the hours for leave with pay. If you make a cash payment in place of vacation time, do not report those hours
- Overtime – Report actual hours worked
- Commissioned employees – Report actual hours worked. If hours are not tracked, report 40 hours per week for full-time employees
- Pay in lieu of notice – Report the hours that would have been worked
- Salaried employees – Report actual hours. If hours are not tracked, report 40 hours per week for full-time employees
- Payment in kind – Report actual hours worked

Failure to report hours may result in a penalty (see page 8).

For severance pay, bonuses, tips and gratuities, report zero (0) hours. You may have to report hours for sick leave and faculty employees. For detailed instructions, visit taxreporting.go2ui.com, read the rule (WAC 192-310-040) at 310.040.go2ui.com or contact your District Tax Office (see page 23).

Note: When reporting hours, do not report fractions of hours – round up to the next whole number.

When Taxes Are Due

Glossary term - All underlined terms are included in the glossary, pages 20-22.

You must file all of your tax and wage reports and pay your taxes by the last day of the month following the last day of each quarter.

UI Tax Calendar			
Quarter One (Q1)	January Q4 taxes due 1/31	February	March Q1 ends 3/31
Quarter Two (Q2)	April Q1 taxes due 4/30	May	June Q2 ends 6/30
Quarter Three (Q3)	July Q2 taxes due 7/31	August	September Q3 ends 9/30
Quarter Four (Q4)	October Q3 taxes due 10/31	November	December Q4 ends 12/31

Note: When you use ePay, you can schedule payment for the actual due date, even if you file your reports at an earlier time. Read the rule (WAC 192-310-020) for more specific information on tax due dates at 310.020.go2ui.com.



Filing and Paying Taxes

Glossary term - All underlined terms are included in the glossary, pages 20-22.

File Your Tax Reports Electronically

You can save time and reduce errors by filing your tax and wage reports electronically with either *UIFastTax* or *UIWebTax*. Both allow you to easily import data from your current accounting software. If you can export your data as a text file, you can avoid re-keying employee information each quarter.

Both *UIFastTax* and *UIWebTax* highlight missing information and duplicate Social Security numbers -

helping you find and correct errors quickly and easily. *UIFastTax* will even calculate excess wages when current year-to-date wage data has been entered, as well as total wages and taxes due.

With either system, you may print copies of your tax and wage reports and can submit them electronically. You will receive an e-mail confirmation when we have received and processed your tax report.

Choose the Filing Tool that is Right for You

	UIFastTax	UIWebTax
Minimum Requirements	Microsoft Windows (NT, 2000 and XP are recommended) Pentium 133 or higher 32MB of RAM 20MB of available hard disk space	Microsoft Windows or Macintosh. Active Internet Connection with: <ul style="list-style-type: none">• MS Internet Explorer 5.0 or higher• Netscape Navigator 7.0 or higher• Firefox 0.9 or higher• Safari 1.2 or higher
Offline vs Online	Install from CD or download from the Internet.	Requires Internet access.
Save/Print Your Report	Saves your report to your hard-drive for printing and future reference.	No software installation necessary. Nothing is saved to your hard drive. You will be able to print a hard copy for your records before you send your report.
Submit Your Report - your files are fully encrypted for security	If you have Internet access, file online and get email confirmation. Mail in your reports on diskette if you do not have Internet access.	Interactive web application that requires Internet access. File online in real time, get immediate confirmation, and receive e-mail confirmation.
Status Reporting	Includes Quarterly Status Report, a feature that gives you up-to-the minute information on the status of all the accounts you manage.	At the beginning of the process, you are prompted with a list of available quarters.
Excess Wages	Excess wages are automatically calculated, but can be manually changed if you do not have year-to-date wage data in your system.	Since year-to-date information is not collected on your computer, automatic excess wage calculations are not available. This information is entered manually from your payroll records.

Log onto efile.go2ui.com to download *UIFastTax* or to file your taxes via *UIWebTax*.

To order *UIFastTax* on CD, call 360.902.9636.



File a No-Payroll Report

If you do not have any employees on payroll for a given quarter, you still need to file a tax report. Failure to do so will result in a penalty (see page 8). You can file via *UIFastTax* or *UIWebTax*. Or, you can call the Employer Help Line (see page 24).

You will need your Personal Identification Number (PIN) to file via the Help Line. If you do not know your PIN, check your New Employer Package or call your District Tax Office (see page 23).

Pay Your Taxes Online

You can pay your taxes online with ePay regardless of your filing method. Log onto epay.go2ui.com and enter your basic banking information and the date you want the payment debited from your checking account. When your debit transaction has been received, you will receive a confirmation number and you can print the entire agreement, including your confirmation.

Note: All data is submitted over a secure Internet connection.

Other Options for Filing and Paying

You can file tax reports manually using the Quarterly Tax Report (EMS 5208A) and Quarterly Wage Detail Report (EMS 5208B). Send your tax payments along with your report forms. Detailed instructions are included in the tax package we send each quarter.

If you file reports for multiple businesses and submit reports in a single transmission, or you use the ICESA format for reporting in multiple states, you can file using ICESA Washington Reporting. For more information and filing specifications, log onto efile.go2ui.com.

If you file via *UIFastTax* or *UIWebTax*, but cannot pay electronically, you can print a copy of a payment coupon and mail it with your payment. The address is provided on the coupon.



Understanding Penalties and Interest

Glossary term - All underlined terms are included in the glossary, pages 20-22.

You must file complete and accurate tax and wage reports every quarter. If you file a late or incomplete report, file in an incorrect format, or misrepresent your payroll, you may be charged a penalty.

Late Filing

All employers must file a tax report every quarter, including employers who have no payroll for a given quarter. If you fail to report on time, you will be charged a penalty of \$25 per report.

If your payment is late, you will be charged interest at a rate of one percent of taxes due per month. A late payment penalty fee is also charged for overdue taxes:

- First month - 5% of the total taxes due or \$10, whichever is greater
- Second month - an additional 5% of total taxes due or \$10, whichever is greater
- Third month - an additional 10% of total taxes due or \$10, whichever is greater

If your account is overdue and you owe \$5 or more, you will get a monthly statement indicating all interest and penalty charges that you owe. You will also receive a statement if you have not filed your quarterly report.

If you owe less than \$5, interest will accrue. A statement will be mailed when the amount due is \$5 or more.

Example: ABC Corporation files its Second Quarter tax reports on October 29 - nearly three months late - and owes \$5400 in overdue taxes. ABC must pay \$1267 for penalties and interest in addition to the total taxes owed:

- \$25 for the Tax Report (5208A and 5208B);
- \$162 in interest for each month ($3 \times \$54 = \162); and
- \$1080 in penalties ($20\% \times \5400).

Because ABC's account was not current as of September 30, it will also be assessed the delinquent tax rate next year.



Incomplete Reports

You must submit complete information on your tax reports every quarter. Reports need to include your Employer Reference Number or Unified Business Identifier (UBI) Number. They must also include each employee's name, Social Security number, hours, and wages. If your report contains duplicate or impossible Social Security numbers (such as 999-99-9998 or 999-99-9999), it will be considered incomplete and you will be assessed a penalty.

Incorrect Format

You must file your tax reports electronically, on the paper forms that we provide, or on forms that we have approved. **If you fail to report in the correct format, you will be assessed a penalty.**

Penalty Amounts

Penalties will apply to incomplete or incorrect reports filed on paper forms or electronically. If you owe taxes, the penalty is 10% of the tax due, with a minimum of \$75 and a maximum of \$250. If you do not owe taxes, you may be charged \$75 the first time; \$150 the second time; \$250 the third time and each time thereafter.

Misrepresenting Payroll

If you knowingly misrepresent the amount of your payroll on your quarterly tax and wage reports, you will be charged ten times the difference between the amount of taxes you should have paid and the amount that you did pay. This means you will pay the taxes you should have paid plus ten times the difference. You will also have to pay the costs of auditing your books and any related collection fees that we incur.

Avoid Common Mistakes

80% of all penalties go to businesses that:

Failed to report a Social Security number for every employee listed on the 5208B Wage Report

OR

Failed to report hours worked for every employee listed on the 5208B Wage Report

18% of all penalties go to businesses that:

Failed to secure official originals of the 5208A and 5208B report forms when filing paper forms – Faxed copies are not accepted

OR

Failed to certify their replica forms with us before using them – our scanning equipment requires precise placement of your data

To learn more about reporting requirements and penalties, read the rule (WAC 192-310-030) at 310.030.go2ui.com.

Determining Your Tax Rate

Glossary term - All underlined terms are included in the glossary, pages 20-22.

Determining Whether You're Qualified

How your tax rate is determined depends on whether you are a qualified employer. To be classified as *qualified* for 2005, you must:

- Have been a covered employer at some time between April 1, 2001 and April 1, 2002
- Not have had four or more consecutive quarters with no payroll in 2002 or 2003
- Have submitted all tax and wage reports and all payments as of September 30, 2004

Determining Your Tax Rate if You're Qualified

Due to new laws, the way your tax rate is determined changed in 2005. A 40-class schedule replaced the 20-class schedule and social cost factors are now included. Your tax rate will still be determined in part by your *experience* with unemployment.

To determine your rate class in the new schedule, we divide the total cost of all unemployment benefits charged to you in the past four years by your total taxable payroll for that same period. The resulting percentage is your benefit ratio. This determines your rate class and your array factor.

Under the new law, you will also pay a graduated social cost factor. This will recoup some of the benefits that are not charged back to employers. To calculate your graduated social cost factor, a flat social cost factor is determined first. It is then multiplied by a variable percentage assigned based on your rate class.

The combined total of the array factor and the graduated social cost factor may not exceed 6.5% for any qualified employer. If you are a qualified employer and you have been assigned a specific NAICS code, the combined total may not exceed 6.0%. These maximums do not apply to delinquent employers.

What if You're Not Qualified?

If you do not meet the criteria to be a qualified employer, your tax rate will be determined as follows:

- Delinquent employer - 5.6%
- New employer - industry average plus 15%
- Employer with breaks in employment - industry average plus 15%

Social Cost Factor

The social cost factor recoups some of the benefits that are not charged back to employers. It is applied to both qualified and non-qualified employers. Some employers will have social cost factor of zero from September 2005 through August 2007. This is a result of a new statute (Substitute House Bill 2255) passed by the Legislature.

Government Entities and Non-profits

Government agencies, public schools and non-profit organizations with 501(c)(3) status have the option of being assigned an experience-based tax rate or paying dollar for dollar on all unemployment benefits drawn by their former employees (reimbursable employers).

In addition to those options, counties, cities and towns may elect to pay a local government tax into a separate, self-sustaining account within the unemployment trust fund.

Complete the request for Unemployment Insurance Tax Payment Method (EMS 5200-99) to select your method of payment.

Other Charges and Assessments

You also pay fees for the Employment Administration Fund (EAF) and the Federal Unemployment Tax Act (FUTA).

The EAF is a state fee and is included on the tax statement we send you each quarter. It is assigned at either 0.02% or 0.03% and is assigned after the limitations of 6.0% or 6.5%.

FUTA is a federal tax that you pay to the Internal Revenue Service. The rate is 6.2% of the first \$7,000 you pay each employee each year. Paying your state taxes on time can reduce your FUTA tax obligation. For details, see page 13.



Tax Rate Table for 2005

Benefit Ratio Starting	Benefit Ratio Ending	Rate Class	Array Factor	Graduated Social Cost Factor	Employment Admin Fund	Total
	0.000000	1	0.00%	0.80%	0.03%	0.83%
0.000001	0.001249	2	0.13%	0.84%	0.03%	1.00%
0.001250	0.002499	3	0.25%	0.88%	0.03%	1.16%
0.002500	0.003749	4	0.38%	0.92%	0.03%	1.33%
0.003750	0.004999	5	0.50%	0.96%	0.03%	1.49%
0.005000	0.006249	6	0.63%	1.00%	0.03%	1.66%
0.006250	0.007499	7	0.75%	1.04%	0.03%	1.82%
0.007500	0.008749	8	0.88%	1.08%	0.03%	1.99%
0.008750	0.009999	9	1.00%	1.12%	0.03%	2.15%
0.010000	0.011249	10	1.15%	1.16%	0.03%	2.34%
0.011250	0.012499	11	1.30%	1.20%	0.03%	2.53%
0.012500	0.013749	12	1.45%	1.22%	0.03%	2.70%
0.013750	0.014999	13	1.60%	1.22%	0.03%	2.85%
0.015000	0.016249	14	1.75%	1.22%	0.03%	3.00%
0.016250	0.017499	15	1.90%	1.22%	0.03%	3.15%
0.017500	0.018749	16	2.05%	1.22%	0.03%	3.30%
0.018750	0.019999	17	2.20%	1.22%	0.03%	3.45%
0.020000	0.021249	18	2.35%	1.22%	0.03%	3.60%
0.021250	0.022499	19	2.50%	1.22%	0.03%	3.75%
0.022500	0.023749	20	2.65%	1.22%	0.03%	3.90%
0.023750	0.024999	21	2.80%	1.22%	0.03%	4.05%
0.025000	0.026249	22	2.95%	1.22%	0.03%	4.20%
0.026250	0.027499	23	3.10%	1.22%	0.03%	4.35%
0.027500	0.028749	24	3.25%	1.22%	0.03%	4.50%
0.028750	0.029999	25	3.40%	1.22%	0.03%	4.65%
0.030000	0.031249	26	3.55%	1.22%	0.03%	4.80%
0.031250	0.032499	27	3.70%	1.22%	0.03%	4.95%
0.032500	0.033749	28	3.85%	1.22%	0.03%	5.10%
0.033750	0.034999	29	4.00%	1.22%	0.03%	5.25%
0.035000	0.036249	30	4.15%	1.22%	0.03%	5.40%
0.036250	0.037499	31	4.30%	1.22%	0.03%	5.55%
0.037500	0.039999	32	4.45%	1.22%	0.03%	5.70%
0.040000	0.042499	33	4.60%	1.22%	0.03%	5.85%
0.042500	0.044999	34	4.75%	1.22%	0.03%	6.00%
0.045000	0.047499	35	4.90%	1.22%	0.03%	6.15%
0.047500	0.049999	36	5.05%	1.22%	0.03%	6.30%
0.050000	0.052499	37	5.20%	1.22%	0.03%	6.45%
0.052500	0.054999	38	5.30%	1.22%	0.03%	6.55%
0.055000	0.057499	39	5.35%	1.22%	0.03%	6.60%
0.057500		40	5.40%	1.22%	0.02%	6.64%

Financing the System: Where Your Tax Dollars Go

Glossary term - All underlined terms are included in the glossary, pages 20-22.

State Taxes

Your state tax dollars support the unemployment system in Washington State. The taxes you pay to us cover the costs of providing unemployment benefits. Employment Administration Fund (EAF) taxes finance work search assistance and training for the unemployed.

Federal Taxes

The Federal Unemployment Tax Act (FUTA) tax dollars you pay to the federal government cover the costs of administering the unemployment system nationwide. These dollars also provide Temporary Emergency Unemployment Compensation (TEUC) to workers who have exhausted their regular benefits in times of high unemployment.

Note: TEUC is 100% federally funded. It does not affect your tax rate.

Extended Benefits

Your state and federal tax dollars work together to provide Extended Benefits (EB) in times of high unemployment. Benefits are reserved for those who have run out of regular benefits and TEUC.

Note: EB does not affect your tax rate. It may, however, result in future rate hikes caused by the depletion of the unemployment trust fund. Contact your District Tax Office (see page 23) for more information.

Federal Loan Fund

If our state unemployment trust fund is depleted, we can borrow federal tax dollars to cover unemployment costs for our state. This is not, however, a favorable solution, as the result is high interest charges and higher tax rates for businesses.



Controlling Your Unemployment Costs

Glossary term - All underlined terms are included in the glossary, pages 20-22.

Review Employer Notices to Help Prevent Fraud

Fraud costs everyone. Costs for fraudulent claims are *socialized*, meaning all businesses pay a share of the costs. You can help control these costs by thoroughly reviewing every notice we send you. If the person listed never worked for you or the person has not had their hours reduced or still works for you full-time, contact us immediately.

Form	Contact
Notice to Base Year Employer (EMS 166)	360.902.9670
Statement of Benefit Charges	360.902.9670
Claimant Separation Statement (EMS 5361)	TeleCenter listed on form
Wage Verification (FM0001)	1.800.810.0210

Other Tips for Preventing Fraud

- When hiring new employees, verify that their Social Security numbers are correct.
- Protect your employees and your company by properly disposing of all old payroll documents.
- If your payroll or personnel data has been compromised, or you suspect fraudulent activity on your employer account, call us at 1.800.246.9763.

Report All New Hires

State law requires that you report all new employees within 20 days of hire. This helps the Department of Social and Health Services collect child support. It also helps save you money because we match new hire records to the unemployment rolls to curb improper payments. Choose your reporting method:

Online: newhire.go2ui.com

Phone: 1.800.562.0479

Fax: 1.800.782.0624

Mail: ISSD Data Control

New Hire Directory

PO Box 9023

Olympia, WA 98507-9023



Reduce Your Federal Tax Rate

If all of your unemployment taxes are paid as of January 31, you can reduce your Federal Unemployment Tax (FUTA) rate from 6.2% of the first \$7,000 paid to each employee to 0.8%.

When calculating your credit on your federal tax return, deduct the amount you paid in state unemployment taxes. Do not include Employment Administration Fund (EAF) taxes or calculate any offsets to your state taxes. Also indicate that Washington is not a credit reduction state. These instructions may vary depending on the federal tax form you use.

Increase Your Payments for Future Savings

You can reduce your tax rate for next year by at least four rate classes by making voluntary payments and reducing the amount of benefits charged to your account. These payments, plus a 10% surcharge, are in addition to your regular tax payment.

To be eligible, you must have been a qualified employer the previous year and your tax rate must have increased at least 12 rate classes from the previous year. We will notify you if you are eligible.

Shared Work: An Alternative to Layoffs

Shared Work is a voluntary program, intended as an alternative to layoffs of skilled employees during times of a general economic downturn. It allows you to reduce an employee's full time weekly work hours between 10 and 50 percent, while the employee receives a corresponding percentage of unemployment benefits. This helps your employees avoid the hardships of full unemployment while reducing your payroll costs.

Shared Work eligibility is extended to all employers from large corporations to those with only one employee. The program can involve your entire workforce or particular divisions/sections of your business. At least 10 percent of the employees in a work division/section must participate. For more information, visit Shared Work online at sharedwork.go2ui.com or call 1.800.752.2500. In Olympia, call 360.902.9350.



Understanding Audits

Glossary term - All underlined terms are included in the glossary, pages 20-22.

Tax Audits

Federal law requires that we conduct audits of two percent of active employers each year. If your business is selected, the auditor will review your business records to ensure compliance with state and federal tax laws.

If the results show that you owe additional taxes, we will give you details of the findings, including taxes, penalties and interest owed. We will also advise you on reporting correctly in the future and discuss your payment options.

If the results show that you have overpaid, we will help you file a tax refund or apply your credit to future tax payments.

Read the law (RCW 50.12.070) regarding our right to audit employment records at 50.12.070.go2ui.com.

Voluntary Review Program

We also offer a voluntary audit to review your records and ensure that you are reporting correctly – without fear of penalty. If the review finds that you are not reporting correctly, you will not be charged late payment penalties. You will, however, have to pay all taxes due and any associated interest charges.

The review may even show that you have overpaid and result in a tax refund or relief of future charges.

Contact your District Tax Office (see page 23) for more information or to schedule a review.



Record Keeping Requirements

Glossary term - All underlined terms are included in the glossary, pages 20-22.

New Employee Information

When you hire a new employee, you need to get his/her:

- Full name
- Mailing address
- Date of birth
- Social Security number

If your new employee has not been issued a Social Security number, he/she must apply for a number within seven days of employment and must provide you a copy of the application.

State law requires that you report all new employees within 20 days of hire. See page 13 for details.



Keep Complete Records

You must keep the following information on file for each employee for at least four years from the date taxes were paid:

- Name
- Social Security number
- Dates of employment
- Basis of pay (e.g., hourly, monthly)
- Location of work
- Daily record of hours worked
- Gross pay for each pay period
- Payroll deductions for each pay period
- Reason for discharge or quit, if applicable

You must also keep records for each employee that you are not required to report (see page 3) for at least four years from the end of the year in which he/she was paid. Include a written statement from each corporate officer to verify that they have been notified that they are not covered employees.

Your Right to Appeal

Glossary term - All underlined terms are included in the glossary, pages 20-22.

When to File an Appeal

If you disagree with any decision we make related to your unemployment taxes or to the unemployment benefits paid to a former employee, you have the right to file an appeal.

For example, you may feel that we:

- Miscalculated your taxes, interest charges or penalties
- Misreported benefit charges to your account
- Granted benefits to a former employee who is not eligible

Note: Your employees also have the right to appeal our decisions.

How to File an Appeal

Your appeal must be **in writing** and must be postmarked or delivered to one of our offices **within 30 days** of the date we mailed our written decision to you.

Your letter should include:

- Your business name
- Your ES Reference Number
- Your Unified Business Identifier (UBI) number
- Your address and phone number
- The reason you disagree with our decision

Note: If your former employee became unemployed due to lack of work, he/she may be awarded benefits without written notice to you. You can request a written decision if you have given us information that indicates he/she is not eligible for benefits.

What Happens Next

The Office of Administrative Hearing (OAH) will schedule a time to hear your case. You will get a letter that includes the date and time of your hearing and the steps you need to take to prepare for that hearing. Most hearings are conducted by telephone.

At the hearing, all testimony is given under oath. Your witnesses should have first-hand knowledge of the details of the case.

After the hearing, OAH will send you a written Initial Order within two weeks telling you the decision and explaining the result.

If you cannot attend the hearing, you must call OAH **before** the hearing to ask for another hearing date. The phone number to call will be in the hearing notice they send you. If you fail to attend the hearing, you will lose your appeal and the decision you wanted to change will stay in place.

What if You Still Disagree

If you disagree with the OAH's Initial Order, you can file a Petition for Review with our agency's Commissioner. Your Petition for Review must be **in writing** and must be postmarked **within 30 days** of the date on OAH's Initial Order. Mail your Petition for Review to:

Agency Records Center
PO Box 9046
Olympia Washington 98507-9046

Your Petition for Review may be dismissed as improperly filed if it is mailed to any other address or sent by Fax.

A review judge will make a decision based on the record of the original hearing and may order additional evidence, if necessary.

If you disagree with the review judge's decision, you may file a **written appeal** with Superior Court **within 30 days**. You are responsible for all court costs and attorney's fees associated with your appeal to Superior Court.

For more information about filing an appeal, read the rule (WAC 192-04-170) at 192.04.170.go2ui.com.

Limited English Skills

If you need an interpreter, tell us in your appeal letter the language you (or your witness) speak best. An interpreter will be provided at the appeal hearing at no cost to you.

Forms and Notices

Glossary term - All underlined terms are included in the glossary, pages 20-22.

Master Application (BLS-700-028) – All new businesses must submit this form. It establishes your Unified Business Identifier (UBI) Number and your account with the Departments of Labor & Industries, Revenue, and Employment Security. You can complete the application online or download it at www.dol.wa.gov/forms/700028.htm.

Tax Forms and Notices

Amended Tax & Wage Report (EMS 5208 D) – Use this form to make a change to your tax or wage report from the previous quarter, whether you filed your original report electronically or on paper. This form is available online at infochange.go2ui.com. Found on back of Business Change Form (EMS 5208 C).

Business Change Form (EMS 5208 C) – Use this form to report changes to your business status, including change of address. You must include your name and phone number for the change to be processed. This form is available online at addresschange.go2ui.com.

Business Update – This quarterly newsletter provides current tax information and details about local workshops and hiring events. This newsletter is available online at bizupdate.go2ui.com.

Monthly Billing Statement (EMS 5229) – You will receive this form each month if your account is overdue. It outlines the penalty and interest charges you owe.

Quarterly Tax Report (EMS 5208 A) – Use this form to report your taxes each quarter. You can also use it to file a no-payroll report. It will be sent to you along with instructions. If your report was filed electronically for the previous two quarters, we will not send this form. Email us at TaxForms@esd.wa.gov to request a paper form.

Quarterly Wage Detail Report (EMS 5208 B) – Use this form to itemize wages for each employee. It will be sent to you each quarter along with instructions. If your report was filed electronically for the previous two quarters, we will not send this form. Email us at TaxForms@esd.wa.gov to request a paper form.

Request for Unemployment Insurance Tax Payment Method (EMS 5200-99) – This form is used by non-profit organizations or political subdivisions to determine a tax payment method. This form is available online at nonprofit.go2ui.com.

Tax and Wage Reporting Information & Instructions (5208 Instructions) – This form gives you line-by-line instructions for completing your quarterly tax and wage reports. This form is available online at taxreporting.go2ui.com.

Tax Rate Notice (EMS 174) – This form provides your tax rate for the year and the data on which your tax rate is based. We send this notice to you every December. You can get a detailed description of this form online at taxrt.go2ui.com.

Voluntary Election (EMS 5203) – Submit this form if you would prefer to report and pay taxes, but are not required to. If approved, your employees will be eligible to receive unemployment benefits if they are laid-off. You can get a detailed description of this form online at voluntaryelection.go2ui.com.



Benefits-Related Forms and Notices

Alternate Base Year Letter – You will receive this letter if a former employee applies for unemployment benefits and is ineligible without the wages paid in the previous quarter. The data you provide on this form should match the data you will submit on your tax report.

Claimant's Separation Statement (EMS 5361) – You will receive this if a current or former employee applies for unemployment benefits and you were the last employer or there is an eligibility issue. Always review this notice carefully. It lists the reason the employee gave for no longer working. If the information is incorrect, you must reply within 10 days.

Notice to Base Year Employer (EMS 166) – You will receive this if a past employee applies for unemployment benefits. Always review this notice carefully. It summarizes the wage data you reported and shows the benefit amount for the employee named. If the information is incorrect, you must contact us within 30 days. If the person listed has not had their hours reduced and is not laid off, call 1.800.246.9763 right away. You can get a detailed description of this form online at baseyear.go2ui.com.

Notice to Employees (EMS 9874) – If you have employees, you are required by law to post this flyer. It tells your employees how to file for unemployment benefits. This flyer is available online at poster.go2ui.com. It is also available in Spanish at poster-sp.go2ui.com.

Statement of Benefit Charges – You will receive this notice each quarter if a former employee received unemployment benefits. It lists the name and Social Security number of each employee receiving benefits and outlines the charges made to your account. You can get a detailed description of this form online at benefitcharging.go2ui.com.

Wage Verification (FM001) – You will receive this form if you report wages for an employee on your tax report and there is a high probability that the employee received unemployment benefits for the same time period. This is part of an early detection program to reduce fraud. You must complete and return this form within 30 days.



Glossary

Casual Labor

Personal services, such as yard work or minor repairs that are performed for a private individual at his/her residence. Domestic services, such as child care, and household help do not qualify as casual labor for the purposes of unemployment tax exemption.

Note: Casual labor must be reported when performed for any type of for-profit business. The site where the work is performed cannot be a business site. If you are a business owner, it is unlikely that any of your employees would qualify as *casual labor*. Contact your District Tax Office for more information (see page 23).

Covered Employees

Employees that are *covered* by unemployment insurance if they lose their job through no fault of their own and are otherwise eligible for benefits.

Covered Employer

A business that is required to file tax and wage reports and to pay unemployment taxes. Employees are *covered* by unemployment insurance if they lose their job through no fault of their own and are otherwise eligible for benefits.

Delinquent Employer

A business that has not filed tax or wage reports and has not paid taxes or penalty and interest charges as of September 30 of any given year.

Employer with Breaks in Employment

A business that has had no-payroll for four or more consecutive quarters in 2002 or 2003.

Excess Wages

The amount of wages you pay an employee that exceeds the average annual salary for Washington State (referred to as the taxable wage base). You do not have to pay taxes on these wages, but you must report all wages.

Independent Contractors

A business or individual that performs a service for another business and passes one of the following tests. In test one, you must meet **all three** of the following criteria:

- **The contractor is completely free from all direction and control by the employer.** This means that the contractor furnishes his/her own materials and equipment; schedules his/her own hours and breaks; and/or performs work for others at the same time.
- **Services are outside of the usual course of business or are performed off-site.** This means that the service is different in nature than those normally offered by the business that is contracting for services and that they are not performed at that business' physical location.
- **The contractor is independently established in his/her own trade, occupation, or business.** This means the contractor has a valid business license, advertises independently, has other customers and/or operates its own office or place of business.

If you fail test one, you must meet **all six** of the following criteria:

- The contractor is completely free from all direction and control by the employer.
- Services are outside of the usual course of business or are performed off-site **OR** the contractor must cover the costs of the site where the service is performed.
- The contractor is independently established in his/her own trade, occupation, or business **OR** the contractor's principal place of business is eligible for a federal income tax deduction.
- The contractor must file a schedule of expenses for the service to the Internal Revenue Service.
- The contractor has a Unified Business Identifier (UBI) Number and is registered to pay business taxes to the State of Washington.
- The contractor maintains a set of bookkeeping records separate from the employer.



If you are unsure whether you qualify as an independent contractor, contact your District Tax Office (see page 23).

Limited Liability Company (LLC)

A non-corporate entity that allows the owners or members to participate actively in management, but provides them with limited liability and with federal income tax exemptions. Each member pays tax individually in proportion to ownership while the business entity itself is not taxed.

LLC members are not reported for unemployment purposes. Employees must be reported, including spouses who are not members. Members **cannot** voluntarily elect coverage for themselves.

Limited Liability Partnership (LLP)

A non-corporate entity that allows the partners to participate actively in management, but provides them with limited liability and with federal income tax exemptions. Partners are not individually liable for debts or obligations of the partnership, except for his/her negligent or wrongful acts or those of a person under his/her control.

LLP members are not reported for unemployment purposes. Employees must be reported, including spouses who are not partners. Partners **cannot** voluntarily elect coverage for themselves.

New Employer

For the purposes of unemployment taxes, a business that has had employees for two years or less as of April 1 of the previous year. New employers pay the industry average tax rate plus 15%.

Non-Covered Employees

Employees that are not *covered* by unemployment insurance if they lose their job. Employers do not pay taxes for these employees.

Office of Administrative Hearings

A non-partial state agency that conducts independent hearings for other state agencies. It is not part of Employment Security.

Pay in Lieu of Notice

The amount you must pay your employee if he/she is discharged without notice and you have an employment contract that requires you to give notice. You must report this amount with hours for the quarter in which it is paid.

Professional Limited Liability Companies (PLLC)

A type of Limited Liability Company (LLC) that is licensed or legally authorized to render professional services within the State of Washington. PLLCs are subject to the same unemployment tax rules as LLCs.

Professional Limited Liability Partnership (PLLP)

A type of Limited Liability Partnership (LLP) where the owner is licensed to render professional services within the State of Washington. Partners are personally liable if the partnership fails to maintain the required liability insurance. PLLPs are subject to the same unemployment tax rules as LLPs.

Qualified Employer

A business with an employment history of a specific duration and that has submitted all reports and paid all taxes and penalty and interest charges as of September 30.

Reimbursable Employers

A business that pays dollar for dollar on all unemployment benefits paid to former employees. Eligible businesses include government agencies, counties, cities, towns, public schools and non-profit organizations with 501(c)(3) status.



Remuneration

The total compensation you pay your employee(s). This includes all salary, commissions, bonuses, tips, vacation and holiday pay, etc.

Severance Pay

Pay that an employee receives upon separating from a job. Also called separation pay. It is usually paid out after the date of separation and should be reported for the quarter in which it is paid, showing zero (0) hours.

Taxable Wage Base

The maximum amount of wages on which you pay taxes for each employee in a given year. The base changes annually. It is calculated by dividing the total wages of all workers by the total number of workers to determine the average annual wage in Washington State.

Unified Business Identifier (UBI) Number

A unique number that identifies all businesses in Washington State. All new businesses must submit a Master Application to establish an account with the Departments of Labor & Industries, Revenue, and Employment Security.

Unsegregated Expense Allowances

Expense payments that are paid as a flat fee as part of an employee's total compensation. This does not include reimbursed expenses that are paid as separate line items, such as per diem or mileage reimbursements.



Contact Information

District Tax Offices	
Bellevue 1530 - 140th Ave NE, Suite 100 P.O. Box 66 Bellevue, WA 98009 Phone 425.649.4388 Fax 425.649.4470	Bellingham 1904B Humboldt St P.O. Box 978 Bellingham, WA 98227 Phone 360.676.2070 Fax 360.738.6180
Lynnwood 20311 52nd Ave W - Suite 301 P.O. Box 2642 Lynnwood, WA 98036 Phone 425.774.2380 Fax 425.774.2391	Olympia 3738 Pacific Ave SE P.O. Box 8266 Lacey, WA 98509-8266 Phone 360.407.5145 Fax 360.407.5139
Seattle North 8746 Mary Ave NW P.O. 70732 Seattle, WA 98107 Phone 206.706.3801 Fax 206.706.3803	Seattle South 200 SW Michigan St, Suite 303 P.O. Box 46502 Seattle, WA 98146-0502 Phone 206.766.6300 Fax 206.766.6320
Spokane 132 S Arthur St Spokane, WA 99202-2223 Phone 509.532.3090 Fax 509.532.3086	Tacoma 1305 Tacoma Ave S, Suite 202 Tacoma, WA 98402-1903 Phone 253.593.7380 Fax 253.593.7399
Tri-Cities 4310 W 24th Ave Kennewick, WA 99338 Phone 509.734.5880 Fax 509.735.0932	Vancouver 5411 E Mill Plain Blvd, Suite 14 Vancouver, WA 98661 Phone 360.735.5050 Fax 360.735.5049
Wenatchee 215 Bridge St P.O. Box 2237 Wenatchee, WA 98807 Phone 509.662.0448 Fax 509.665.3749	Yakima 306 Division St P.O. Box 10708 Yakima, WA 98909 Phone 509.574.0137 Fax 509.574.0113
Out-of-State Businesses Only 212 Maple Park P.O. Box 9046 Olympia, WA 98507-9046 Phone 360.902.9620 Fax 360.902.9287 Email compliance@esd.wa.gov	



Employer Help Line

Call 1.888.836.1900 to get general information, check your account status or file a No-Payroll report. You will need your Personal Identification Number (PIN) to get specific information about your account or to file a No-Payroll report. If you do not know your PIN, check your New Employer Package or call your District Tax Office.

Internet Addresses

File Taxes	efile.go2ui.com
Pay Taxes	epay.go2ui.com
Tax Rate	taxrt.go2ui.com
Forms	forms.go2ui.com
Rules	wac.go2ui.com
Shared Work	sharedwork.go2ui.com





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